



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

Internal Audit Section

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Memorandum

To: Lorna Alexander, Fiscal Coordinator, Community Development Administration

From: Sedrick D. Blake, CPA, Internal Audit Executive SDB

Date: November 27, 2006

Re: A-133 Audit Review Response – Forest Park Southeast Corp.

A review of the attached A-133 Audit dated September 21, 2006 for Forest Park Southeast Corp. was conducted by this office on November 16, 2006.

The following information is provided:

AGENCY: Forest Park Southeast Corp.

AUDIT PERIOD: Fiscal Year Ended June 30, 2003

Program Title	Federal CFDA Number	Grant Number	Expenditure	Major Program
HUD: Passed-through CDA CDBG	14.218	*Not provided but applies to 98-20-98/108	\$703,964	Yes

The A-133 Audit was reviewed; however no general purpose financial statements were provided. The external auditors did indicate an unqualified opinion had been rendered on these and one reportable condition was noted to be a material weakness, but not a material noncompliance. The federal program audit received an unqualified opinion with a reportable condition disclosed which was not considered to be a material weakness.

Two findings required to be reported by OMB Circular A-133 were noted. These findings included a lack of supporting documentation for the CDBG funds and a lack of segregation of duties. We found the external audit report to be "Technically Deficient" in that the OMB Circular cited for the criteria of finding labeled "Item 03-01" was in error. Instead of OMB Circular A-122, which applies to Not-for-profit agencies, which Forest Park is, the auditors cited OMB Circular A-87 which applies to State and Local governments, etc. The Agency did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

We recommend you seek out clarification on which Circular was used. If the error is merely a clerical one, an explanatory letter from the external auditors should suffice. However, if the incorrect Circular was applied in performing the audit, we recommend you ensure the audit be redone.

If you have any questions concerning the findings of this review, please contact me at 589-6132.